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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 9-81

WASHINGTON, March 4--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

In ARGENTINA, sales of wheat this season (Dec.-Nov.) are off to a brisk start and there are indications that up to 2 million tons already have been purchased by the Soviet Union. Last year the Soviets purchased 2.4 million tons of Argentine wheat. As the corn and sorghum harvests approach, expectations are that the USSR will be a large buyer. Soviet purchases last year comprised 71 percent of Argentina's corn exports and almost all of its sorghum exports.

ITALY's continuing drought conditions, which began last fall, are causing increased concern for the outlook of the soft wheat crop in the north and in some central portions of the country. The overall condition of this crop--which accounts for slightly less than half of total wheat output--still remains favorable, but could be altered unless adequate precipitation is received during the next few weeks.

Durum, which comprises over 50 percent of the total wheat crop, is grown primarily in the south. Rainfall in this area has been more than adequate, and the outlook for this crop is excellent. Italy produces only 17 percent of the total European Community (EC) wheat, yet grows most of the Community's Durum. Although Italy's total area sown to both soft and Durum wheats remains relatively constant, buoyant demand for Durum has stimulated a shift toward increased plantings of this hard wheat at the expense of the softer variety. Durum plantings for 1981 are estimated at some 1.74 million tons, 2 percent above the 1980 level and account for over half of total wheat area.

PORTUGAL also has been plagued with its gravest drought in twenty years. Since last fall, average precipitation has ranged from only 7 percent to a maximum of 20 percent of normal. Despite recent abundant rainfall, agricultural losses could exceed one quarter of last year's total grain outturn of approximately 1.2 million tons, especially if adequate precipitation does not continue.

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.

The growing concern of the government is evident by the measures recently announced to relieve some of the pressures caused by the drought. These include placing restrictions on water-intensive crops such as rice, encouraging planting of crops requiring little moisture, providing incentives for boosting storage capacity for feed crops, increasing subsidies available to farmers for feed purchases exceeding normal levels, tapping more underground water resources, and offering incentives to reduce electricity use.

THAILAND rice prices in Rotterdam increased so significantly during the first part of February that EC import levies had completely disappeared by Feb. 19. The sharp increases in prices began in January when Thai white rice, 100 percent grade B, was quoted at \$547 per ton, cost and freight Rotterdam. By Feb. 12 prices had increased to \$576 for the same quality. On Feb. 19, Thai prices posted \$18-per-ton increases, causing the EC levy disappearance. At that time, the EC Commission announced that forward fixation of import levies were suspended for the period of Feb. 19-23.

INDONESIA's rainy season rice crop (1981/82 world production year) is expected to be down about 5 percent from last year's level, according to field surveys by the U.S. agricultural counselor in Jakarta. This crop accounts for about 70 percent of that country's total rice production. Last year Indonesian rice production was a record 19.5 million tons (milled basis). The reduction this year is attributed to frequent heavy rains, which have impaired pollination in some areas causing an estimated 2 to 3 percent increase in empty kernels. Also flood conditions have delayed planting and caused some replanting. However, high yielding varieties and fertilizer use are reported to have increased and no major incidence of disease or pest/insect damage has been reported.

Indonesia is one of the world's largest rice importers, normally accounting for about one-sixth of the world's rice imports. The delay in maturation of the 1980/81 wet season crop may provide impetus for higher rice imports than might have otherwise been expected. Rice imports in 1981 are currently forecast at 1.6 million tons--down about one-fifth from the 1980 level.

OILSEEDS AND PRODUCTS

BULGARIA's purchase of 45,400 tons of U.S. soybeans in early February represents that country's first purchase of foreign soybeans since the late 1960's. Last year's soybean crop in Bulgaria, currently estimated at 115,000 tons, was some 27 percent below the 1979 crop. The 1980 sunflowerseed crop also was disappointing, thus creating greater import requirements of both protein meals and vegetable oils.

In PERU, fish meal production in 1980 totaled 345,000 tons, according to PESCAPERU, the state company which produces and handles export marketing of fish meal. This level of production represents a sharp decline from the 1979, output of 683,000 tons, and is the lowest level since 1959. About 80 percent

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of the 1980 fish meal output was produced in factories operated by PESCAPERU, with the balance produced by the private sector. However, the government has ended the ten-year monopoly of PESCAPERU, and is now allowing private firms to sell fish meal. This change in policy is intended to help eliminate the illegal production and marketing of fish meal and oil.

BRAZIL's preliminary export data for 1980 indicate record shipments of soybean meal and oil. Meal exports totaled 6.5 million tons, thus exceeding the previous record set in 1978 of 5.4 million tons. The major destinations included the EC (4.1 million tons), Poland (760,000 tons), Hungary (290,000 tons), Singapore (155,000 tons) and Thailand (115,000 tons).

The primary destinations for Brazil's 720,000 tons of soybean oil exports in 1980 were as follows, in tons: India (260,000), Iran (220,000), Pakistan (70,000), Yugoslavia (42,000) and the Soviet Union (35,000). The 1980 exports were about 185,000 tons or 35 percent greater than the previous year's record.

DAIRY, LIVESTOCK AND POULTRY

In ROMANIA, a state trading company has expressed interest in importing U.S. frozen broilers. Company officials, who seem enthusiastic about doing business with U.S. exporters, are attempting to familiarize themselves with the U.S. poultry trade. Romanian officials indicate that imports of U.S. broilers in 1981 could exceed the 4,725 tons of poultry meat imported from the United States in 1980. Interest in imports of U.S. chicken may be part of an apparent attempt by Romania to maintain and even increase its own red-meat exports despite meat shortages throughout the country.

HORTICULTURAL AND TROPICAL PRODUCTS

PAKISTAN has officially estimated its 1979/80 sugarcane crop at 27.5 million tons, up slightly from 1978/79 in spite of an acreage drop of about 4.5 percent. Sugar output from the 1979/80 cane harvest, plus a small amount of sugar beet production, totaled 614,000 tons. In 1980/81, largely in response to a 15-percent increase in area planted, sugar production is expected to jump to about 750,000 tons. Only about a third of Pakistan's sugarcane goes into centrifugal sugar production; the remainder goes into the village-type sugars, gur and shakkar.

TOBACCO

AUSTRALIA's flue-cured tobacco leaf produced under quota will bring an average minimum price of A \$4.2972 (US \$5) per kilogram during the 1981 selling season. This represents an average increase of 23.7 Australian cents (27.6 U.S. cents) per kilogram or 5.8 percent above the previous year. In re-scheduling grades and prices, the Australian Tobacco Board will give more weight to the better grades. These grades will receive more than the average increase in price. The goal of the new formula, recommended by the Tobacco Board and approved by the Australian Agricultural Council, is to encourage production of the highest quality leaf.

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The AEGEAN TOBACCO GROWERS market for the 1980 Turkish crop opened Feb. 19 with support prices for best quality set at US \$1.79 (TL 160) per kilogram, up only 23 percent from last year's level. Producers, who are very dissatisfied with this year's monopoly price, expected a price of about US \$2.58 (TL 230) per kilogram. Private merchants are paying up to 62 U.S. cents (TL 55) above the monopoly support prices. The lower-than-expected price is thought to be an effort to reduce the large monopoly stocks. The entire Aegean crop--estimated to be 135,000 tons--expected to be sold within a few days after the market opening.

COTTON

The U.S. special 90-day UPLAND COTTON IMPORT QUOTA ended Feb. 25. According to U.S. customs preliminary figures, 11,006 bales of upland cotton were imported, of which 9,503 came from Mexico and 1,503 from the Soviet Union. The special quota, which went into effect Nov. 28, 1980, expanded the regular cotton upland quota by 497,154 bales on a global basis. Only 2 percent of possible imports were thus realized. These in turn were only marginal in terms of total estimated 1980/81 U.S. consumption of 5.9 million bales. February prices were not sufficiently high to trigger another special quota.

Imports under the regular 30,000-bale quota totaled 16,230 bales through Feb. 25. These included 15,725 bales from Mexico and 505 bales from the USSR. The country quota for Mexico is 18,507 bales and for the USSR 990 bales.

INTERNATIONAL WEATHER AND CROP SUMMARY, Feb. 23 - March 1

EUROPE--Increasing precipitation benefited many western countries, but left northern Italy and much of Spain still too dry. Heavy rains in Portugal reportedly promoted germination of many crops, but it is too late for winter grains to develop sufficiently before the normal dry season begins. In northern Spain, similar conditions existed, but most of the central and southern portions of the country did not receive enough moisture to prevent further deterioration of winter grain prospects. Also, in northern Italy potential yields probably are declining somewhat because of moisture shortages. Little precipitation fell in the eastern countries; however, soil moisture remained adequate, with winter grains still dormant. Below-normal temperatures kept winter grains dormant across most of the region, except for Iberia and southern France. Snow cover decreased in the east as daytime temperatures nudged above freezing, and fields in the west were snow-free.

WESTERN USSR--Precipitation occurred only at scattered locations in the winter grain belt. This drier weather came as a relief to many areas, giving fields a chance to dry out somewhat and thereby decreasing the probability of frost-heaving damage. Below-normal temperatures prevailed over most of the belt. Some snowmelt occurred, and southern parts of the belt became snow-free. Sharply colder weather by the weekend raised concern about possible winterkill, but crops remained safe by a few degrees Celsius.

EASTERN ASIA--Temperatures continued to decline over most of the winter grain belt. Substantial departures below normal nearly equaled the extremes for this winter at some locations, and some winterkill may have resulted where sensitivity of plants had been increased by earlier warm conditions. All but the southernmost winter grain areas remained without precipitation, but the cold kept water needs to a minimum. Rainfall in the hills to the south of the Yangtze River continued the normal replenishment of water supplies in that area. Greatest amounts of precipitation fell in the east near Shanghai.

SOUTH ASIA--Light precipitation fell in some major winter grain areas in northern India, with heavier amounts closer to the mountains and in northeastern Pakistan. The moisture may have benefited late-planted winter grains still in the grain-filling stage, but it was not enough to interfere with maturation in more-advanced fields. Later-maturing grains in the western Himalayan foothills probably benefited the most. Rainfall in Bangladesh and eastern India stayed below normal for a second consecutive week, but with no serious consequences this early in the season.

NORTHWESTERN AFRICA--Only very light rain fell in most crop areas; the storm which benefited countries on the northern side of the Mediterranean did not reach North Africa. Soil moisture should remain in good supply for winter grain development in Algeria and Tunisia. In Morocco, dry weather in southern grain areas further diminished crop hopes, and northern areas received only light amounts of moisture. Potential yields probably declined slightly in the north as well, as above-normal temperatures kept the crop's moisture needs relatively high.

SOUTH AMERICA--The major corn and soybean areas of Brazil and Argentina received minimal rainfall while temperatures averaged 2 to 5 degrees Celsius above normal. Extreme maximum temperatures ranged mostly between 33 and 36 degrees Celsius. The hot dry weather favored ripening of early-planted corn in both countries, as well as soybeans in Brazil. Harvest activities have already begun in many areas. Soil moisture supplies are generally adequate for crop development in most areas, although northern corn areas of Brazil (Goias and Minas Gerais) are becoming dry. These two states produce about 23 percent of Brazil's corn crop. The dryness should not have a substantial impact on corn yields unless a prolonged period of hot, dry weather persists over the next several weeks. Soybean yields should not be affected in this area since the harvest has already begun.

SOUTH AFRICA--Above-average rainfall of 25 to 80 mm occurred throughout much of the Maize Triangle, except for the extreme western portion where less than 20 mm fell. Satellite photos indicated that numerous periods of sunshine were interspersed with showery periods during the week, providing favorable growth conditions for corn. The major portion of the crop should now be well into kernel development with early planted corn approaching maturity. Soil moisture supplies are sufficient in nearly all areas and abundant sunshine will be needed during the ripening periods to ensure good quality, as well as quantity of crop yield.

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MEXICO--Generally sunny, dry weather persisted over the principal agricultural areas. Rain was mostly limited to the mountains of eastern Sonora, where it should improve rangeland and possibly provide some irrigation water storage. Little or no rain fell over the west coast tomato and cucumber districts; thus, vegetable development, disease control and harvesting should have progressed well. Northeastern temperatures averaging near 20 degrees Celsius favored planting and germination of corn and grain sorghum, as well as citrus blooming in southern orchards and buds swelling at Montemorelos.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	March. 3, 1981	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			
Canadian No. 1 CWRS-12.5%.....	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	212.50 7/	5.78 7/	-25 7/
U.S. No. 2 DHW/HW: 13.5%.....	217.00	5.91	-16
U.S. No. 2 S.R.W.....	206.00	5.61	-19
U.S. No. 3 H.A.D.....	257.00 7/	6.99 7/	-14 7/
Canadian No. 1 A: Durum.....	1/	1/	1/
Feed grains:			
U.S. No. 3 Yellow Corn.....	164.50	4.18	- 6
U.S. No. 2 Sorghum 2/.....	175.00	4.45	-22
Feed Barley 3/.....	188.50 7/	4.10 7/	-19 7/
Soybeans:			
U.S. No. 2 Yellow.....	292.00	7.95	-50
Argentine 4/.....	294.00 7/	8.00 7/	-72 7/
U.S. 44% Soybean Meal (M.T.)..	255.00	--	-17.50 5/
EC Import Levies			
Wheat 6/.....	68.65	1.87	+15
Barley.....	44.84	0.98	+18
Corn.....	68.80	1.75	- 7
Sorghum.....	56.70	1.44	- 3

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

7/ April-May delivery.

Note: Basis March delivery.

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